

Baird's Protections for Taxpayers Included in Economic Recovery Plan (October 3, 2008)

Washington, D.C. - With the country facing a financial catastrophe possibly equal to the Great Depression, where millions of jobs would be lost, and countless businesses would fail, a responsible economic recovery bill (H.R. 1424) that protects the American taxpayer is on its way to President Bush's desk, thanks in part to the work of Congressman Brian Baird (D-WA-03). Congressman Baird was a leading champion of a provision in the bill that ensures that taxpayers won't be left holding the bag for the costs of its investments. In addition, the soon-to-be new law also contains a 2 year extension of sales tax deductibility, funding for the Secure Rural Schools program, and mental health parity legislation. Congressman Baird was a leader in passing all 3 measures separately in the House earlier this year.

In response to bill's passage Congressman Baird released the following statement:

"In the past week, I have received thousands of emails and hundreds of calls from folks in Southwest Washington. People are understandably concerned and angry about this situation. I share their concern, and their anger. However, when the Secretary of the Treasury and the Chairman of the Federal Reserve both said we could soon face conditions worse than the Great Depression, doing nothing was not an option.

If we do not act millions of people will lose their jobs, their retirement savings, their businesses and farms will disappear and a financial catastrophe will ensue. We've been put in a terrible situation. While this bill is far from perfect, it will help prevent the current economic crisis from getting worse.

Over the last few weeks I have been a leading voice in Congress for ensuring that the American taxpayers won't be left on the hook for the costs of this program. As a result of the provisions I insisted must be in the bill, the taxpayer will be protected from any potential losses. This was key for me. The average taxpayer didn't create this problem; they shouldn't be left holding the bag for it. Under our plan, 5 years from now, the President will be required to submit a proposal to impose fees or taxes on Wall Street to recoup any losses. However, if these investments turn a profit, we will all share in that profit.

Also, for the first time ever, we've passed tough legislation that will ensure that executives who caused their companies to fail will no longer be able to profit from it. Any company that chooses to participate in the program will not be able to offer their departing executives exorbitant severance packages. In companies where the government is making a direct purchase it will also place strict limits on executive salaries, and will end the tax deduction for executive salaries over \$500,000.

For the first time in a long while adult supervision is returning to Wall Street.

For Main Street, there are important provisions in this legislation that will help homeowners facing foreclosure, presenting them with new options like lower interest rates, and longer payback periods that will help keep them in their homes,. This bill is significantly better than the 700 billion dollar ransom note that was delivered to us by Secretary Paulson a few weeks ago.

The final bill passed by the Senate included several other measures that I have long been a vocal advocate for: sales tax deductability, the Secure Rural Schools Program and mental health parity. I am disappointed that they were included in this particular bill. I would have much preferred to vote on each bill individually, but I am glad they will now become law.

Each year sales tax deductability brings more than 430 million dollars back into the pockets of Washington residents. In such uncertain economic times, we simply couldn't afford not to pass it. Oregon residents can deduct the money they spend on state income taxes, yet as the federal tax code is written, Washingtonians do not have such similar relief. That's simply wrong. Since my first days in Congress, I've led the charge to change it. We've all come to depend on this common sense deduction, and without passing this bill, hundreds of thousands of Washington families would have been forced to pay hundreds of dollars more in taxes, in a time where just paying the bills is becoming difficult.

And when it comes to paying the bills, our rural counties like Skamania and Lewis would have been devastated financially without the Secure Rural Schools Funding. This money is essential to their day to day operations, and pays for not only schools, but public safety, and other crucial community programs. Just the thought of seeing this money disappear was forcing local leaders to literally stare into the financial abyss. I have been a leading advocate for funding this program, and I am glad that we were finally able to make it a reality.

This bill isn't perfect, and it's not a panacea. Our economy will remain in a very fragile state for some time to come, and we still could see a recession in the coming months. As we move forward, Congress will likely have to take more action to help dig us all out of a hole created by eight years of failed policies. I'm angry about all of this, but I firmly believe that passing this bill was necessary to help make the best of a bad situation.

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